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CFR

An American Model of Intelligence

I appreciate your asking me to be with you to talk about what we are doing in the world of intelligence to serve you and to serve the country. President Carter directed a major effort to reshape the intelligence structure of this country back in February. After six months of scrunity, close study, and consideration of many alternatives, in August, the President issued several directives to change the way the Intelligence Community is organized. As a result of this, we are starting to evolve today toward a new model of intelligence - an American model.

This American model contrasts with the old, traditional model where intelligence organizations operated under a cloak of maximum secrecy and with a minimun of supervision. We hope today to develop a model which will conform to American standards of ethics and propriety and at the same time continue to provide senior decision makers in government with the facts on which they can base sound decisions. On the one hand it will be more open as our society is more open; on the other hand it will be more controlled, with checks and balances much like those which characterize the rest of our governmental

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process. I thought it might be of interest to you today if I discussed some of the actions we're taking to move toward this new model.

The President's directive of last August had two fundamental objectives. The first was to strengthen control over our entire intelligence apparatus thereby encouraging greater effectiveness. The second objective was to assure control through stringent oversight, thereby increasing accountability.

Now let me point out that I am the Director of the Central Intelligence Agency, but this is only one of many intelligence agencies of the government. Intelligence activities also reside in the Department of Defense, in the Department of State, Treasury, the FBI, and even the new Department of Energy. But I am also the Director of Central Intelligence. In that capacity my task is to coordinate, to bring together into one effective, harmonious operation, the activities of all of those intelligence organizations. The President's reorganization strengthens my hand in that regard in two very specific ways. As the Director of Central Intelligence it gave me full authority over the budgets of all of the intelligence activities I've enumerated; and secondly, it gave me full authority to direct their tasking, that is, the day to day operations of these organizations. This should enable me to better

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control the total effort of collecting, analyzing, and producing intelligence. This is really what was intended, in my opinion, in the National Security Act of 1947 which first established the Central Intelligence Agency.

Now some of the media have portrayed this as the potential creation of a intelligence czar. That interpretation could only come from a misunderstanding of the intelligence process itself. Let me explain. Intelligence activities can be divided into two basic and separate functions. The first is collecting information. This is the costliest and the riskiest of our operations. It involves, among other things, reading foreign newspapers, intercepting broadcasts, trying to break codes, and recruiting individual in other countries to spy for us. Here you want good control. You want to be sure there is a minimum of overlap because each of these activities are time consuming and very costly; and you want to be sure there is a minimum possibility of a gap in what your collecting because that could be responsible for another Pearl Harbor. Only centralized control can ensure the intelligence collection effort is well coordinated. The second major activity of intelligence organization is analysis. It is exactly the same as

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what would be called research on a college campus. It is the analyzing, the estimating, the pulling together all the little pieces of information that are obtained by the collectors and trying to put them together to produce a coherent picture of what another country is doing, or thinking, or planning. Hopefully this picture, or analysis, provides the decision-makers, the policy-makers of our country, a better basis upon which to make those decisions.

Now let me make it clear, that under this new reorganization I do not control all the people who do these analyses. I do control those in the CIA; however, there is a strong analytic capability in the Department of Defense and another in the Department of State. The Department of State specializes in political analysis with second suit in economics. The Department of Defense specializes in military analysis with a second suit in political. The CIA covers the waterfront. So we have assurance that divergent views will come forward if they exist. We encourage that. It is in the interest of each of us in the Intelligence analysis business to be sure that the decision-makers don't get just one point of view when several are justified. Our quest is to see to it that there is competitive, overlapping analyses. But, should I try to be a czar; should I try to short-change the descenting or minority views, there is a Cabinet officer in the

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Department of Defense, and another in the Department of State who manage those intelligence analytic operations. If I were to try to run roughshod over their views of events, I am sure those Cabinet officers would not fail to take advantage of the access they have to the President to ensure their views are brought forward. So we are not trying to set up a centralized control over the important interpretive process but over the collecting process. And, I sincerely believe that this new organizational arrangement is going to assure better performance in both collecting and interpreting intelligence for this country.

The President, the Vice President, and many other of our top officials have spent much time working out this new reorganization. I believe this evidences the keen awareness throughout the top echelons of our government that good intelligence is perhaps more important to our country today than in any time since the creation of the Central Intelligence Agency thirty years ago.

Thirty years ago we enjoyed absolute military superiority. Since that time the failure of the Soviets to make their system grow adequately in areas other than the military has led them to accent that particular competition. They have, I believe, achieved a position of reasonable parity in most areas of the

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military. That parity places greater value on our intelligence product as an important adjunct of our military. When you know your enemies potential and something of his intentions, you can use your forces to much greater advantage. He doesn't normally reveal that information outright, but if we can pick up pieces of information here and there, over time you can bring those pieces together to tell you important things about your enemy. This gives your military commanders greater leverage in the use of their forces and the upper hand in any confrontation of their otherwise equal forces.

Let's look past the military scene. Thirty years ago we were also a dominant and independent economic power. Today we are dependent on other countries in an economically interdependent world. This growing interdependence and the impact on our and other national economies on each other is more and more apparent. Here too, I believe, we desperately need good intelligence to make sure that we don't lose our shirt in the international economic arena.

Politically, thirty years ago we were the dominant influence in the world. Today even some of the most underdeveloped, emerging nations insist on

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a totally independent course of action. They go their own way and refuse to be directed to by the Soviets or ourselves. Here again, we must be smart. We must understand other nation's attitudes, cultural imperatives, and outlooks so that we will not be outmaneuvered in the process.

At the same time that we are trying to produce better intelligence in all three of these fields, we must be careful not to undermine the principles on which our country was founded or the standards by which we live in the process of so doing. Thus, the second leg of the President's new policy is better oversight. The cornerstone of all oversight is the keen and regular participation of both the President and the Vice President in the intelligence process. I can assure you they are both very much active participants.

Beyond that there are two intelligence oversight committees in the Congress. The Senate Select Committee on Intelligence was formed a year and a half ago and has been working closely with the Intelligence Community. We have a relationship here of closeness but yet aloofness. Closeness in that I feel very free

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in going to them for help and advice particularly when I'm involved with other committees of the Congress and there may be boundaries that are being encroached upon. But aloofness in that I very definitely report to them. When they call and want to know what we are doing and how we're doing it and why, I am answerable to them. It is a good oversight procedure and it is working well.

The House of Representatives, last August, set up a corresponding committee. We are sure that that relationship will develop as has the one with the Senate.

Beyond this the Intellligence Oversight Board oversees our activities. Three distinguished Americans, former Senator Gore, former Governor Scranton, and Mr. Thomas Farmer, a lawyer from Washington, are appointed by the President, with their only task to oversee the legality and the propriety of our intelligence operations. They report only to the President. Anyone may go to them, bypassing me, and say look, that fellow Turner, or somebody else in the Intelligence Community is doing something he shouldn't be doing. The Board will look into it and let the President know whether they think corrective action is necessary.

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Now let me be perfectly honest with you. There are risks to this or any oversight process. The first risk is that timidity may reduce the intelligence effort. It is easy when acting as overseer not to take a risk, not take a chance. But in so doing, we could fail to do things that could be very important to the long term benefit of our country. It might place the avoidance of current risk over the gaining of long term benefits.

The second risk is the risk of security leaks. The more you proliferate the number of people privy to secret or sensitive intelligence operations, the more danger there is of some inadvertent leak. I am confident at this time that we are moving to establish a healthy balance between the degree of oversight which will ensure proper intelligence activity and the degree of secrecy by which permit necessary intelligence operations to be protected. But it will be two or three years before we shake this process out and establish just how those relationships are going to function best. During that time, we are going to need the understanding and support of the Congress and that of course means the support and understanding of the American people.

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Accordingly, we are now reappraising the traditional outlook toward secrecy, toward relationships with the public. We are adopting a policy of more openness, in the hope that we can be more forthright at the same time as we ensure preservation of that secrecy which is absolutely fundamental. As a first step we've tried to be more accessible to the media. We have appeared on Good Morning America, 60 Minutes, Time magazine. Also we are trying to respond more candidly to inquiries from the media. We try to give substantive, meaningful answers whenever we can, within the limits of necessary secrecy.

But perhaps of more interest to those of you who are concerned with international affairs, we are trying today to share more of the product of the intelligence effort. More of the analyses, the estimates, the studies that we do. It is our policy to carefully examine every study we do, whether it is secret, top secret, or destroy before reading to determine if it can be reduced to unclassified form and still be useful to the public. If it can be done, we feel we have an obligation to print it and publish it. We are doing that to the maximum extent we can. We hope they will be of value and perhaps help improve the general quality and tenor of debate on major issues effecting our country.

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You may have heard last March of our study on the world energy outlook. We have recently done another one on the world steel prospects - whether there is over-capacity; what the expected demand may be. We have published studies on the Chinese and Soviet energy prospects. And, under the egis of the Joint Economic Committee of Congress, last July we published one on the outlook for the Soviet economy itself. Let me describe that very briefly to give you the flavor of what we think we can put out in unclassified form.

Previously, the CIA has looked at the Soviet economy and felt that generally it had the capability to achieve three things:

1) to sustain the level of military growth that would permit them to catch up with us generally;
2) to make improvements, if not spectacular improvements, in the quality of life inside the Soviet Union; and
3) to sustain enough investment to carry on a generally growing economy.

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Our most recent study reexamines these premises and comes to the conclusion that the outlook for the Soviet economy is bleaker today than at any time since the death of Stalin. This is based on our belief that the Soviets have maintained their levels of productivity over these many years primarily by infusing large quantities of labor and capitol. We believe they are coming to a dead end here. For example, in the 1960's they had a very big drop in their birth rate. In the 1980's the rate of growth of their labor force will drop correspondingly from about 1.5% to about 0.5%. They will not be able to find the additional labor to keep up their productivity. Also, a lot of the growth of their labor force today is coming from the central Asian areas of the Soviet Union where there is serious resistance to the idea of migration to the big cities.

Secondly, their resources are becoming more scarce. They must reach further into the Siberian wasteland for minerals. This is more difficult and more costly. Less petroleum can be brought in than before because their emphasis in recent years has been on current production at the expense of developing reserves and new supplies.

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Now if you look carefully at the Soviet's own five year development plan, you will see that they themselves predict they will not be able to infuse the same amount of capitol or labor as they have in the past. However, they do conclude that somehow and nonetheless they will increase productivity. We don't think that is in the cards. We see no sign of increasing efficiency, nor any sign of a willingness to become less shackled to the economic doctrines which are fundamental to their growth problem. Instead, we think that between now and the early 1980's the Soviets are going to be faced with some difficult pragmatic choices:

(1) There may be a debate over the size or the amount of investment in their armed forces. Clearly, this is one avenue to find labor and capitol.

(2) Another may be over whether they will continue to fulfill their promises for the delivery of oil to their Eastern European satellites. From exports of 1.6 Mbbl to E. Europe, they may have to reduce to something like 800,000 bbl. That would mean an increased oil bill for E. Europe of $6-7B/yr in probable 1983 prices. Will they be able to afford to do this when it becomes more and more difficult for them to obtain hard currency?

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(3) And third, how will they obtain the necessary foreign exchange to sustain the rate of infusion of American and Western technology which they are currently depending upon to increase & improve their economic position? The Soviet hard currency debt is $16B and E. Europe's is $24B. Both are rising rapidly - an annual rate of $54B/yr. since 1973.

Interestingly, when they face these and other decisions, there is a high probability that they will be in the midst of a major leadership change. It could be a very difficult time for them. It may go very smoothly if they made the right decisions and are willing to sacrifice other things; we just can't tell.

One of the important points that comes out of all this is that we believe as they make these policy decisions, it will not be remote from you and me, it will be important to us both. What they do with their armed forces obviously impacts on what we do with ours. What they do with their oil inputs to the Eastern European countries and whether that area remains politically stable is going to have major impact on the events throughout the European scene. If there is too much competition for energy because they don't produce what they need will affect the world supply and price of petroleum. If they enter the money markets in an attempt to borrow more from us and others in the West what will be our response? What will be our policy?

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Now let me say that when we produce a study like this we are not so confident that we present it as the future revealed. We are merely providing our best reading of the clues we see. We expect others may disagree with us. But this too is productive. A good debate generates a good dialogue on important issues. When we did the oil study last March, for instance, it was criticized in the press. We then wrote to the professors, the oil companies, to think-tanks which had critized our conclusions and we asked them to detail their criticisms for us. Those who did we invited to come into the Agency for a day of discussions with the authors of the study. A very interesting and stimulating dialogue resulted from which both sides benefited. We hope that as more of our studies come off the press, we will increase our dialogue with the public.

However, let me assure you, while we're on this subject of openness that we cannot and we will not open up everything. There clearly must be some secrets which remain. Some of the information behind the Soviet oil and economic studies clearly was derived from very sensitive sources which would dry up if they were revealed. Thus, it is important to remember that while we move ahead, increasing a public dialogue and trying to build public understanding and respect for what we are doing,

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we must also obtain the public's understanding that a level of secrecy must be preserved.

In short, we're moving in two directions at once today. On one hand we are opening up more. But, in that process we expect to protect those secrets which remain better classified. When too much is classified it is not respected. The other direction we are moving is to tighten the barriers of security around what must be kept secret.

And in so doing, we are trying to develop a model of intelligence uniquely tailored to this country, which balances an increased emphasis on openness with a firmer resolves to preserve that which is truly secret. The model emphasizes the continued necessity of providing good information to our policy-makers while at the same time responding to effective control.

I am confident, that although this model is still evolving, it will guarantee that necessary intelligence operations are carried out only in ways which will in the long run strengthen our open and free society.

Thank you very much.

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